

**CITY OF PROSSER**  
**Benton County, Washington**  
**January 1, 1990 Through December 3, 1992**

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**Schedule Of Findings**

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1. Internal Controls Over Cash Receipts Should Be Improved

The City of Prosser has no formal written cash receipts policies and procedures for collecting and depositing police receipts. Existing procedures are limited to paper clipping cash collected to the related receipt document and storing it in an area accessible to all police officers, court, city, and Washington State Patrol personnel, and the general public. This condition was previously reported in our 1988-1989 audit report.

Our audit of the Prosser Police Department receipts for the period January 1, 1989, through December 31, 1992, revealed that cash collected by the police department exceeds the amount deposited at the city treasurer's office by \$1,743.

The following is a schedule summarizing our reconciliation of the police department's receipt documents with the city treasurer's receipt documents:

	Work Release	Gun Permits	Fingerprints	Impounds	Total
Police Receipts	\$12,379	\$2,800	\$1,485	\$4,257	\$20,921
Treasurer's Rec.	11,220	2,661	1,060	4,237	19,178
Deficiency	\$ 1,159	\$ 139	\$ 425	\$ 20	\$ 1,743

In addition, we could not test pre-1989 receipts because the police department disposed of all of its pre-1989 cash receipt records.

We recommend the city develop and implement cash receipt policies and procedures. We further recommend the city recover the \$1,743 loss from the bonding company. We also recommend the city retain accounting records in accordance with the city's record retention plan.

2. Police Department Records Should Be Properly Maintained

Our audit of the City of Prosser police department records relating to the Work Release Program, revealed that prisoner's payment records were not adequately maintained. We documented cash receipts totaling \$1,770 for work release which had been received by the police department, but which had not been posted to the prisoner's files. Further, it could not be determined whether all Prosser Municipal Court prisoners were given credit for 50 percent (\$5/day) of their \$10/day work release payments toward their city imposed fines as directed by City Ordinance 1386.

City Ordinance 1386 states:

Each work release prisoner shall pay Seventy Dollars (\$70.00) per week in advance, or for part of a week Ten Dollars (\$10.00) per day in advance, which shall be a part of each work release prisoner's sentence. Five Dollars (\$5.00) per day shall be applied toward the Work Release Prisoner's Fine, and Five Dollars (\$5.00) shall be applied toward the prisoner's board and administrative expenses relating to the jail and work release prisoners.

RCW 43.09.200 states in part:

**Division of municipal corporations - Uniform system of accounting.**

The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, or other persons.

The accounts shall show . . . all sources of public income, and the amounts due and received from each source . . . necessary to isolate and prove the validity of every transaction . . .

The City of Prosser, nor the police department, has established formal practices for accounting for work release in conjunction with the court fines system. Similarly, the court does not have a system in place to see that all payments made to the police department are posted to prisoners fine records. Further, personnel responsible for this function were given no training on how to process these transactions and do not have the requisite education and background to formulate those procedures on their own.

Without adequate internal controls, errors or irregularities could occur and not be detected in a timely fashion. Also, we noted one instance where a prisoner was overcharged \$210 as he had made installment payments to the court paying his court fine in full, but never received 50 percent credit on work release payments of \$420.

We recommend the City of Prosser establish written cash handling and accounting procedures in accordance with Ordinance 1386 for the work release program and integrate with the court accounting system to assure accurate accounting for cash receipts, prisoner's records posting, and credits against fines. We further recommend refunding \$210 to the former prisoner discussed above, and that a review of other Prosser Municipal Court work release prisoner's records be made to identify any other overcharges.

3. The City Should Limit Expenditures To Appropriations And Amend Budget During Fiscal Year Affected

The city allowed expenditures to exceed appropriations for the years 1990, 1991, and 1992, as follows:

<u>Year</u>	<u>Fund Name</u>	<u>Excess Amount</u>
1990	City Street	\$ 83,759
	Parks & Recreation	4,514
	City Beautification	28,609
	Contingency	4,345
	Area Agency on Aging	20
	Senior Center	521
	Senior Center Building	6
	LID Construction Control	408,747
	Sprayfield Construction	187,058
	Domestic Water Improvements	3,055
	Water/Sewer Construction	235,393
	Public Works Trust Fund Sewer	80,577
	Solid Waste Garbage	199,894
1991	General	31,862
	Arterial Street	945
	Municipal Capital Improvements	1,772
	Contingency	457
	Rural Transportation	28,567
	Equipment Purchase Accum Res	3,397
	Senior Center	549
	Drug Enforcement	13
	Library GO Bond	61
	Street Lights Go Bond	48
	Solid Waste Garbage	28,971
<u>Year</u>	<u>Fund Name</u>	<u>Excess Amount</u>
1992	Van Pool Lease	\$ 11,069
	Equipment Purchase Accum Res	8,122
	LID Guarantee	133,000
	Landfill	99,949

This finding also appeared in the city's prior report.

Excess expenditures are contrary to the limitations contained in RCW 35A.33.120, which states in part:

... The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal year. . . . the expenditures of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following:

(1) The total amount appropriated for each fund in the budget for the current fiscal year . . . .

In addition, RCW 35A.33.125 states in part:

Liabilities incurred by any officer or employee of the city in excess of any budget appropriation shall not be a liability of the city. The clerk shall issue no warrant and the city council or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund . . . .

In addition, the city improperly amended the 1991 and 1992 budget in the following year.

RCW 35.32A.050 states in part:

The expenditure allowances as set fourth in the enacted budget shall constitute the budget appropriations for the ensuing fiscal year. The city council by ordinance may, during the fiscal year covered by the enacted budget, abrogate or decrease any unexpended allowance contained within the budget and reappropriate such unexpected allowances for other functions or programs. . . .

Since the city did not amend its 1991 and 1992 budget until the following year, the city in fact made expenditures before they were authorized by the city council. Also, by allowing expenditures to exceed appropriations management of public resources is hindered.

These excess expenditures and untimely budget amendments appear to have resulted from the failure of city officials to monitor expenditures and compare them to appropriations.

Allowing expenditures to exceed appropriations weakens the budget process and associated internal controls over public expenditures. Regular comparisons of expenditures and appropriations are necessary for effective budgetary controls.

We recommend the City of Prosser maintain expenditures at or below authorized appropriations, and if necessary amend the budget in a timely manner.

4. City Officials Should Maintain Positive Cash Balances In All Funds

Our audit revealed that numerous funds improperly finished the year with a deficit (negative) cash balance as follows:

<u>Year</u>	<u>Fund Name</u>	<u>Amount</u>
1990	Parks & Recreation	\$16,592
	City Beautification	27,434
	Contingency	4,272
	Senior Center	3,390
	Senior Center Building	9
	Water/Sewer Construction-Maint	2,857
	Sprayfield Construction	222
	Water/Sewer Construction-Service	50,416
	Revenue Bond Reserve-Water 1973	2,272
	Wastewater treatment facility	38,689
	Solid Waste/Garbage	47,183
1991	Contingency	874
	Equipment Purchase Accum Res	14,758
	Senior Center	1,987
	GO Bond Fund	379
	Water/Sewer Construction-Maint	2,857
	Irrigation	6,590
	Sprayfield Construction	762
	Water/Sewer Construction-Service	40,240
	Revenue Bond Reserve-Water 1973	525
	Solid Waste/Garbage	67,140
1992	General	4,447
	City Street	605
	Equipment Purchase Accum Res	6,770
	Senior Center	1,936
	Parks & Recreation Capital	48,191
	Revenue Bond Reserve-Sewer 1987	3,360
	Solid Waste/Garbage	74,776

RCW 43.09.210 states in part:

... no department ... shall benefit in any financial manner whatever by an appropriation of fund made for the support of another.

This finding also appeared in the city's prior year report.

These negative cash balances represent interest free loans from the funds who have positive cash balances.

This condition emerged because management does not consistently monitor cash balances by fund.

We again recommend cash balances be monitored by management at the fund level. If cash shortages are anticipated, an interfund loan that includes a market interest rate and a repayment schedule, should be authorized.

5. The Annual Report Should Be Prepared In A Timely Manner

The city's 1990, 1991, and 1992 annual financial reports were not submitted to the Office of State Auditor by the statutory deadline.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year.

The late preparation of the annual financial report caused the city's financial data to be unavailable to city management, state government, lenders, and citizens.

The city has not given the preparation of the financial statements the necessary priority in order to meet the statutory deadline.

We recommend the city give priority to the timely preparation of financial statements.